GOVERNMENT OF INDIA
COAL AND MINES
LOK SABHA

UNSTARRED QUESTION NO:609
ANSWERED ON:09.07.2004
DISINVESTMENT OF NALCO
Satpathy Shri Tathagata

Will the Minister of COAL AND MINES be pleased to state:

(a) whether the Government has proposal for the disinvestment of NALCO, a profit making enterprise;

(b) if so, the reasons therefor;

(c) if not, whether the Government has any proposal for further investment to modernise NALCO and make it profitable; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COAL AND MINES (DR. DASARI NARAYANA RAO)

(a)&(b) The Government on 27.7.2001 approved for open market sale of 30% of the Government equity in National Aluminium Company Limited(NALCO) to be followed in the second stage by a sale of the balance equity to a strategic partner, bringing the Government equity down to 26% after reserving up to 2% of the equity for NALCO employees. The due diligence by Qualified Interested Parties (QIPs), which began on 28.10.2002 at Angul and Damanjodi units of NALCO was disrupted and subsequently the process was stopped. Thereafter, following the statement that "the disinvestment status of NALCO is being reviewed" of the then Prime Minister at Bhubaneswar on July 15, 2003, the disinvestment in NALCO has not been pursued.

Â©&(d) NALCO has submitted a proposal for second phase expansion of its Bauxite mines, Alumina refinery, Aluminium smelter and Captive Power Plant (CPP) capacity at an investment cost of Rs.4091.51 crore at July 2003 price level to be financed entirely by the Company's internal resources and commercial borrowings. The capacity of the various facilities of the Company after the proposed second phase expansion will be as under:

Sector	Present Capacity	after expansion	Capacity proposed
Bauxite Mine(tpa)#	48,00,000		63,00,000
Alumina Refinery(tpa)	15,75,000		21,00,000
Aluminium Smelter(tpa)	3,45,000		4,60,000
Captive Power Plant(MW)$	960		1,200

tpa − tonnes per annum
$ MW − Mega Watt

The Public Investment Board (PIB) in its meeting dated 6.2.2004 has cleared the above project and it is now awaiting a decision of the competent authority in the Government.